

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:  
**THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,**  
as representative of  
**HTA OF PUERTO RICO, *et al.*,**  
Debtors.<sup>1</sup>

PROMESA  
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**This filing relates to the  
Commonwealth.**

**REPLY OF THE COMMONWEALTH OF PUERTO RICO  
TO RESPONSE FILED BY JRF GOLD DISTRIBUTORS INC  
TO SEVENTY-SECOND OMNIBUS OBJECTION (SUBSTANTIVE)  
OF THE COMMONWEALTH OF PUERTO RICO TO BONDHOLDER CLAIMS  
ASSERTING AMOUNTS FOR WHICH THE COMMONWEALTH IS NOT LIABLE**

The Commonwealth of Puerto Rico (the “Commonwealth”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the representative of the Commonwealth pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),<sup>2</sup> files this reply (the “Reply”) to the letter [ECF No. 8812] (the “Response”) filed by claimant JRF Gold Distributors Inc (the “Claimant”) to the *Seventy-Second Omnibus Objection (Substantive) of the Commonwealth of Puerto Rico to Bondholder Claims Asserting Amounts for which the Commonwealth Is Not Liable* [ECF No. 8698] (the

<sup>1</sup> The Debtors in the underlying Title III Case, along with each Debtor’s respective Title III case number listed as bankruptcy case number due to software limitations and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>2</sup> PROMESA is codified at 48 U.S.C. §§ 2101-2241.

“Seventy-Second Omnibus Objection”). In support of this Reply, the Commonwealth respectfully represents as follows:

1. On September 12, 2019, the Commonwealth filed the Seventy-Second Omnibus Objection seeking to disallow certain proofs of claim listed on Exhibit A thereto, each of which purport to be based on bonds, and each of which is based in full or in part on amounts for which the Commonwealth is not liable because the claims assert liability based on: (a) ownership interests in bonds issued by the Puerto Rico Sales Tax Financing Corporation (“COFINA”); (b) ownership interests in bonds issued by the Government Development Bank of Puerto Rico (“GDB”); and/or (c) investments in mutual funds, which in turn may have invested in bonds issued by the Commonwealth. The Commonwealth further seeks to disallow some of the claims listed on Exhibit A to the Seventy-Second Omnibus Objection for the additional reason that other parts of the claims are duplicative in part of one or more master proofs of claim filed against the Commonwealth on behalf of the holders of certain bonds.

2. Any party who disputed the Seventy-Second Omnibus Objection was required to file a response by 4:00 p.m. (Atlantic Standard Time) on October 15, 2019, in accordance with the Court-approved notice attached to the Seventy-Second Omnibus Objection as Exhibit C, which was served in English and Spanish on the individual creditors subject to the Seventy-Second Omnibus Objection, the U.S. Trustee, and the Master Service List (as defined in the *Order Further Amending Case Management Procedures* [ECF No. 8027]). See *Certificate of Service* [ECF No. 8718].

3. On October 3, 2019, Claimant filed the Response. Therein, Claimant does not dispute that Claimant’s proof of claim, which was filed against the Commonwealth on May 16,

2018, and logged by Prime Clerk as Proof of Claim No. 16312 (the “Claim”), sought to assert, in part, investments in one or more mutual funds that in turn may have invested in bonds issued by the Commonwealth. Claimant also does not dispute that the Claim sought to assert, in part, liability based on an alleged ownership of COFINA Bonds, and thus seeks recovery for amounts for which the Commonwealth is not liable because the claims were (1) compromised and settled pursuant to the Settlement Order,<sup>3</sup> and (2) released and discharged in accordance with the Plan and Amended Confirmation Order.

4. Rather, Claimant states that it “do[es] not approve of the [Seventy-Second] Omnibus Objection because it is “against the constitution of [the Commonwealth] of Puerto Rico . . .” Response at 1. But, Claimant does not dispute that, as an investor in mutual funds that may have invested in bonds issued by the Commonwealth, Claimant lacks standing to assert claims against the Commonwealth. Claimant likewise does not dispute that, pursuant to the Settlement Order, the Plan, and the Amended Confirmation Order, claims against the Commonwealth arising from or relating to the relationship of the Commonwealth and COFINA have been settled, released, and discharged. Accordingly, the Commonwealth respectfully requests that the Court grant the Seventy-Second Omnibus Objection and disallow the Claim.

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<sup>3</sup> Capitalized terms used but not defined herein shall carry the meanings ascribed to them in the Seventy-Second Omnibus Objection.

Dated: October 23, 2019  
San Juan, Puerto Rico

Respectfully submitted,

/s/ Hermann D. Bauer

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**CERTIFICATE OF SERVICE**

I hereby certify that on October 23, 2019, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification to all counsel of record, and all CM/ECF participants in the case.

*/s/ Hermann D. Bauer*

Hermann D. Bauer